

ERP: Lessons Learned



Army AKO/DOIM Conference
Ft. Lauderdale, FL,
25 August, 2005
Pat Phelan

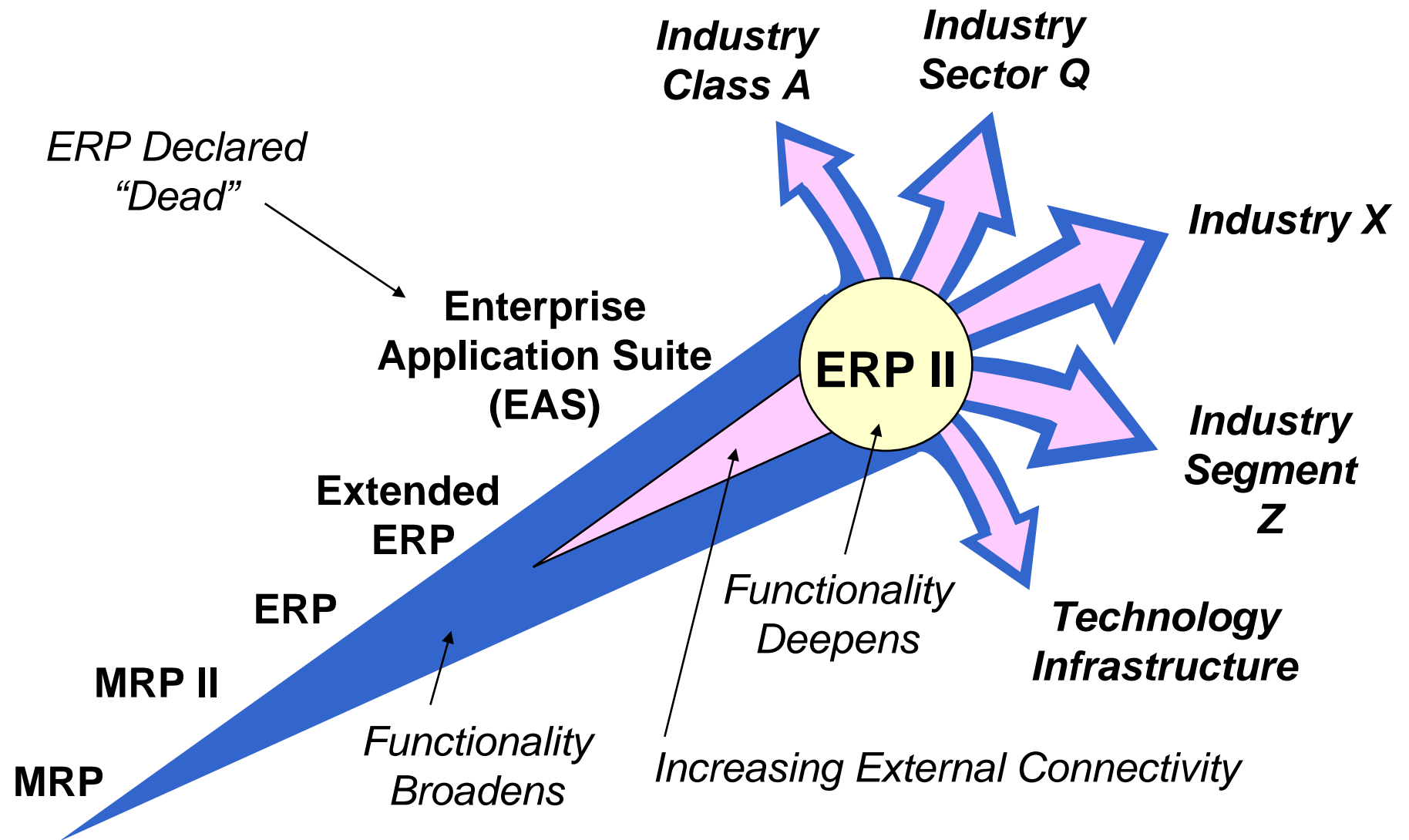
These materials can be reproduced only with Gartner's official approval.
Such approvals may be requested via e-mail — quote.requests@gartner.com.

Gartner®

ERP Objectives?

- Leverage vendor development
- Get out of the software business
- Leverage “best practices”
- Common database and data definitions
- Leverage packaged integration
- Enable a business transformation
- Deeper and broader support and documentation
- Leverage new technology
- Achieve compliance

Getting To ERP II – A Little History



ERP II Definition

ERP

Enterprise Optimization

Manufacturing and distribution

Manufacturing, sales and distribution, and finance processes

Internal, hidden

Web-aware, closed, monolithic

Internally generated and consumed

Role

Domain

Function

Process

Architecture

Data

ERP II

Value chain participation / C-Commerce enablement

All sectors / segments

Cross-industry, industry sector, and specific industry processes

Externally connected

Web-based, open, componentized

Internally and externally published and subscribed

Gartner.

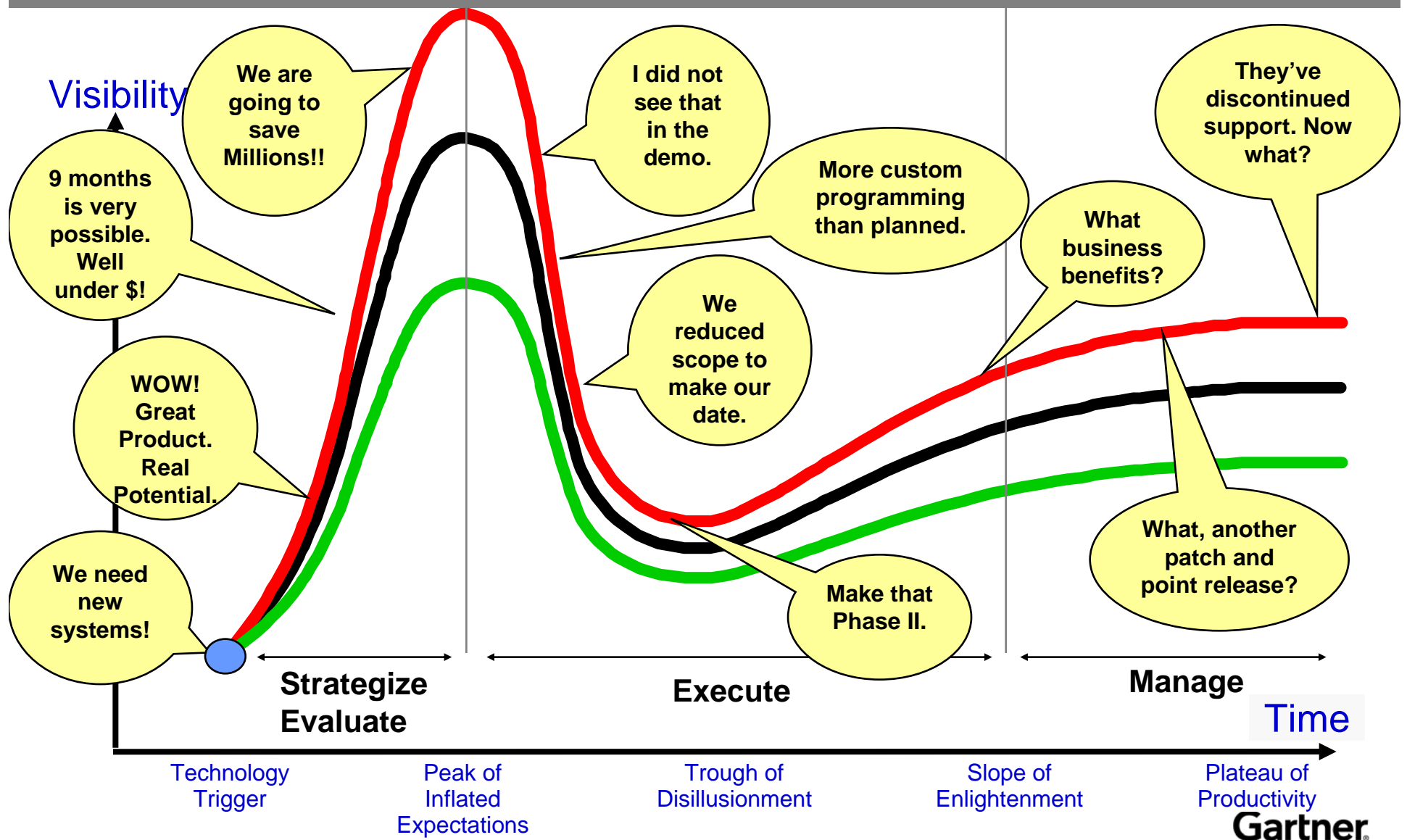
Key ERP Terminology

- **Installation** – physical loading of the ERP software onto the hardware, initiation of the data base, and possibly loading the user interface onto users' work stations.
- **Implementation** – a project that enables the ERP application for use across the enterprise. It includes:
 - Installation of the software, supporting hardware and infrastructure.
 - Business process design within the ERP.
 - Change management and communications regarding use of the new application.
 - Tailoring the ERP system for specific business processes.
 - Establishing roles and security for use of the application.
 - Testing, Training, Data conversion.
 - Cutover to use of the ERP.
- **Rollout** – systematic approach to deliver the implemented solution to the whole of the enterprise, likely to encompass many discrete cutovers. Synonym to "deployment."

Key ERP Terminology

- **Tailoring** - changing the software or its settings to implement the chosen business processes. Techniques include configuration, modification, extension, and enhancement:
 - **Configuration** - making choices about how the software should operate and enabling the choices by creating or selecting values in the parameters of the ERP application.
 - **Enhancement** - writing additional code inside the ERP software environment and existing programs, at pre-defined user-exit points supported by the vendor.
 - **Extension** - writing additional code to add new functions and logic to an ERP application, outside of the existing programs but inside the ERP software development environment.
 - **Modification** - changing source code, dictionary objects, screens, or other application objects from their vendor-delivered, initial state. ***This implementation option is reserved for the most extreme cases, is not supported by the vendors, and should be justified with a hard business case.***
- **Bolt-on** - *vendor-supported* interface between the ERP and an external application.
- **Methodology** - the "tried-and-true" successful practices for implementation.

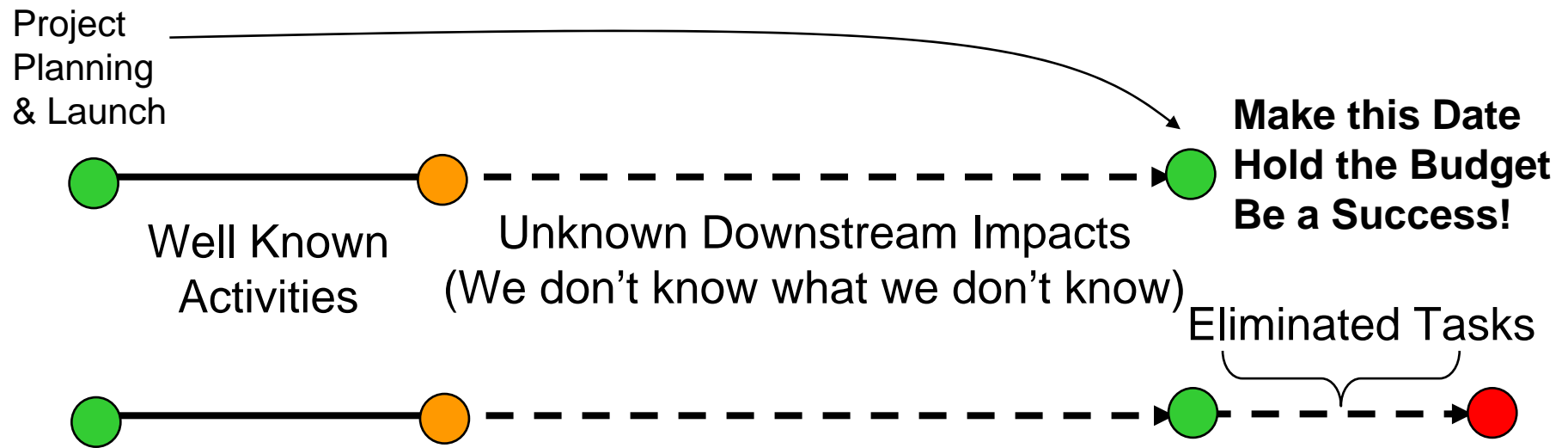
Implementation Reality



How to Define Success?

Success is typically defined as being on time and on budget.

When measuring success, also look at whether program objectives are achieved.



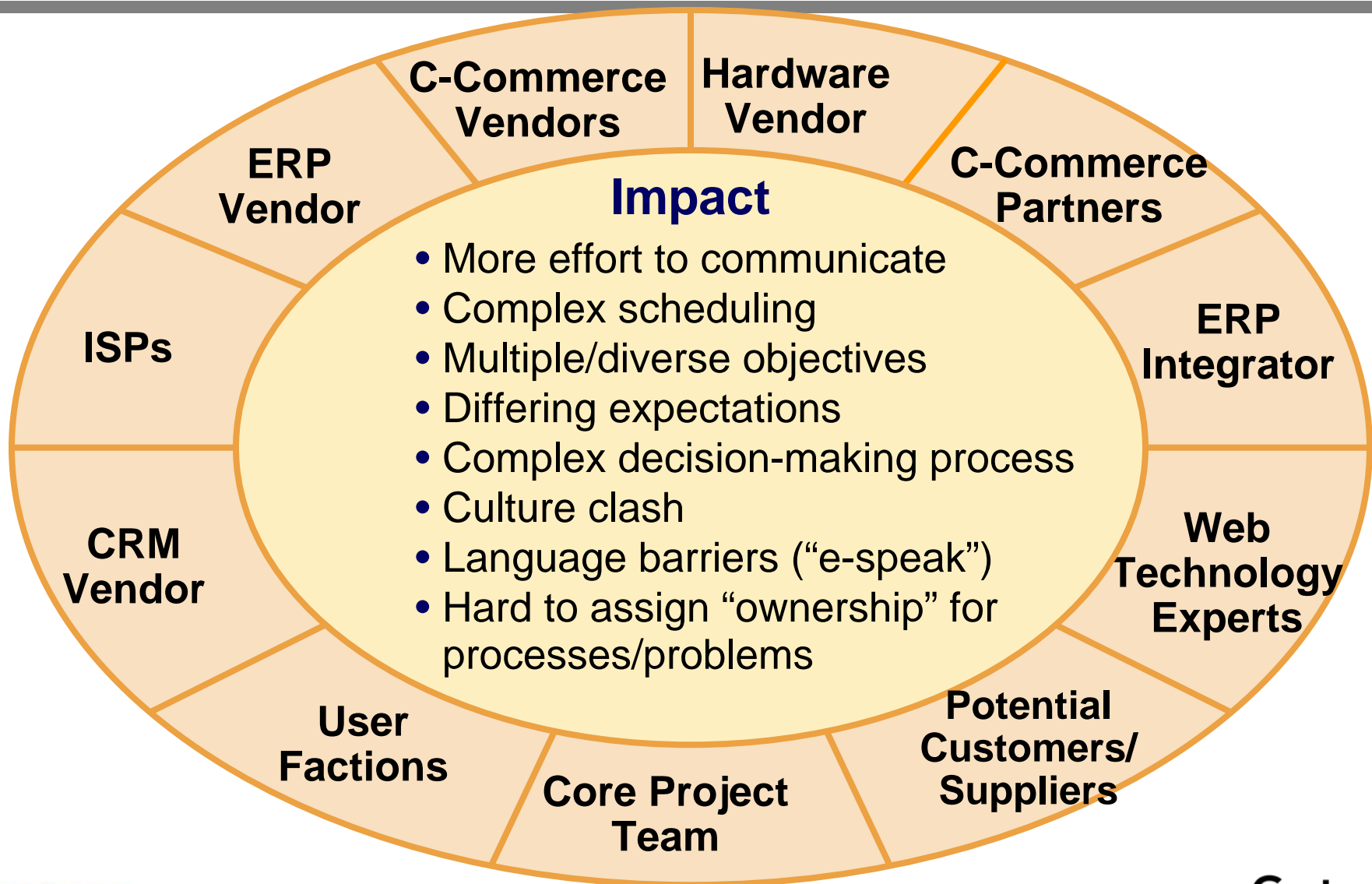
What you don't know, can hurt you.
Downstream Impacts caused by:
Custom Programming
Integration Challenges
Business Events

ERP Risk Factors – A Change in Priority



Challenge: Early detection and resolution of problems

Numerous Business Partners Must Be Managed Effectively



Clarify Roles/Responsibilities if Multiple Parties Are Involved

Example: A Chef

Skills

Technical Performance

1. Chopping
2. Measuring
3. Mixing
4. Peeling
5. Kneading

	1	2	3	4
S 1				
S 2				
S 3				
S 4				
S 5				

Knowledge

Business Acumen

1. Seasonal demands
2. Tools
3. Spices
4. Staffing
5. Menu planning

	1	2	3	4
K 1				
K 2				
K 3				
K 4				
K 5				

Attributes

Behaviors

1. Problem solving
2. Coordination
3. Courtesy
4. Creativity
5. Multitasking

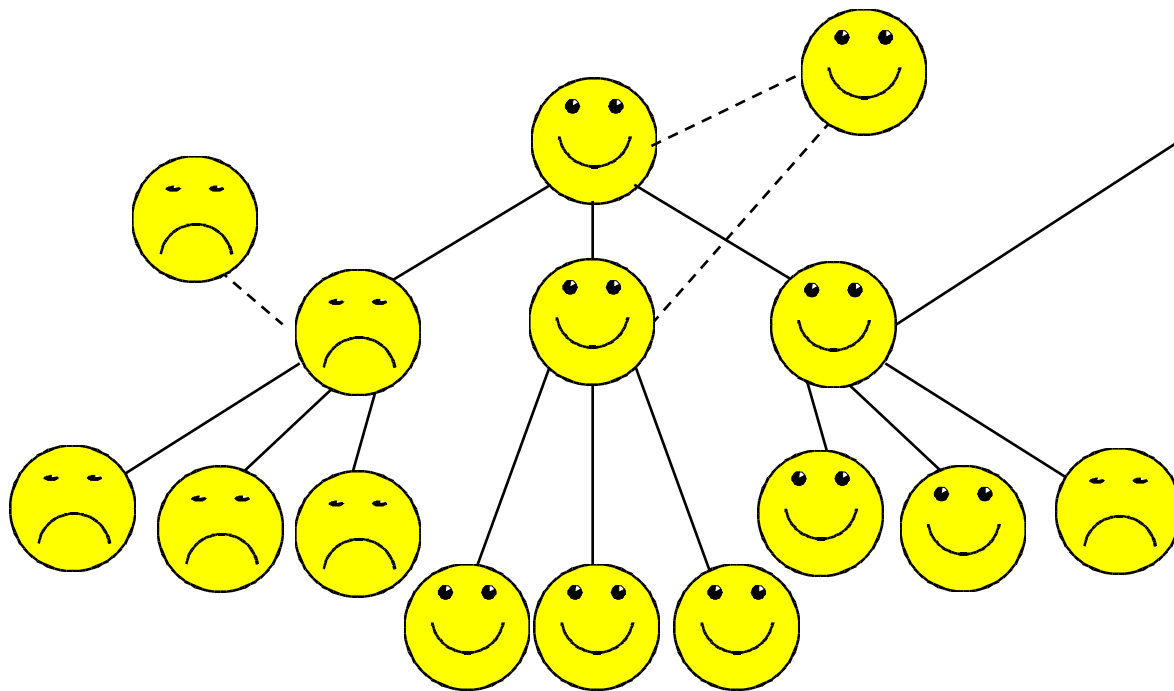
	1	2	3	4
A 1				
A 2				
A 3				
A 4				
A 5				

+

Degree of Accountability, Authority, Responsibility

Projectwide Communication Requires More Effort at Enterprise Level

- Tell them, tell them and then tell them again
- Build and sustain ownership and commitment
- Use the grapevine to your advantage



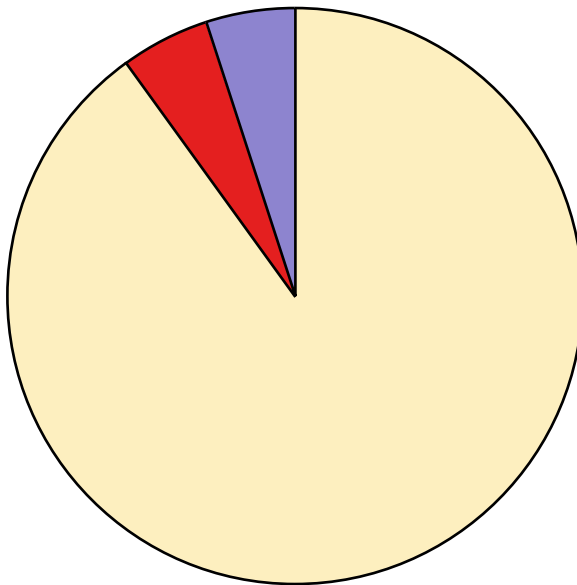
And he told three friends,
and so on,
and so on...

Good **and** bad press has
a ripple effect across
the enterprise and
business partners.

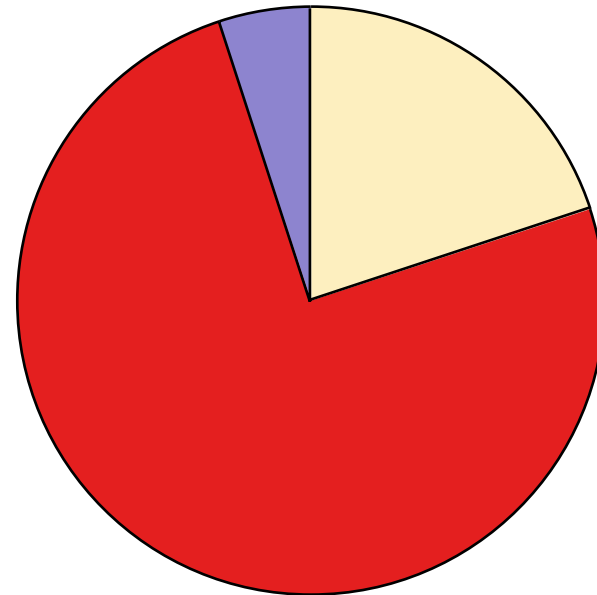
Use communication
to build ownership and
increase productivity,
or ignore it and clean up
the mess later.

Raise the Bar for SI Requirements

**Traditional Consultant
Staffing Model**



**High-End Consultant
Staffing Model**



- Strategy
- Process Analysis
- Package Configuration

Project Management Strategies Must Expand

	Traditional	Enterprise-Level
Focus?	Deliverables	Collaboration
Who?	Corporate or specific division	Enterprisewide, trading partners
What?	Single package solution	Many packages, technologies
How?	Single site tools, internally focused methodology	Collaborative tools, methodology
Where?	Within enterprise	Internet-based
When?	Prescribed times	Event-driven

Expand Methodologies and Tools to Accommodate Multiple Stakeholder Groups

Methods

- Expand to include steps that extend beyond the core process owner
- Add extra time for partners to react to requests
- Tasks take longer
- Multiple “legacy” systems, processes ...

Tools

- Integration across disparate office productivity tools
- Web-based collaboration, knowledge management, communication tools
- Multi-participant testing, development tools

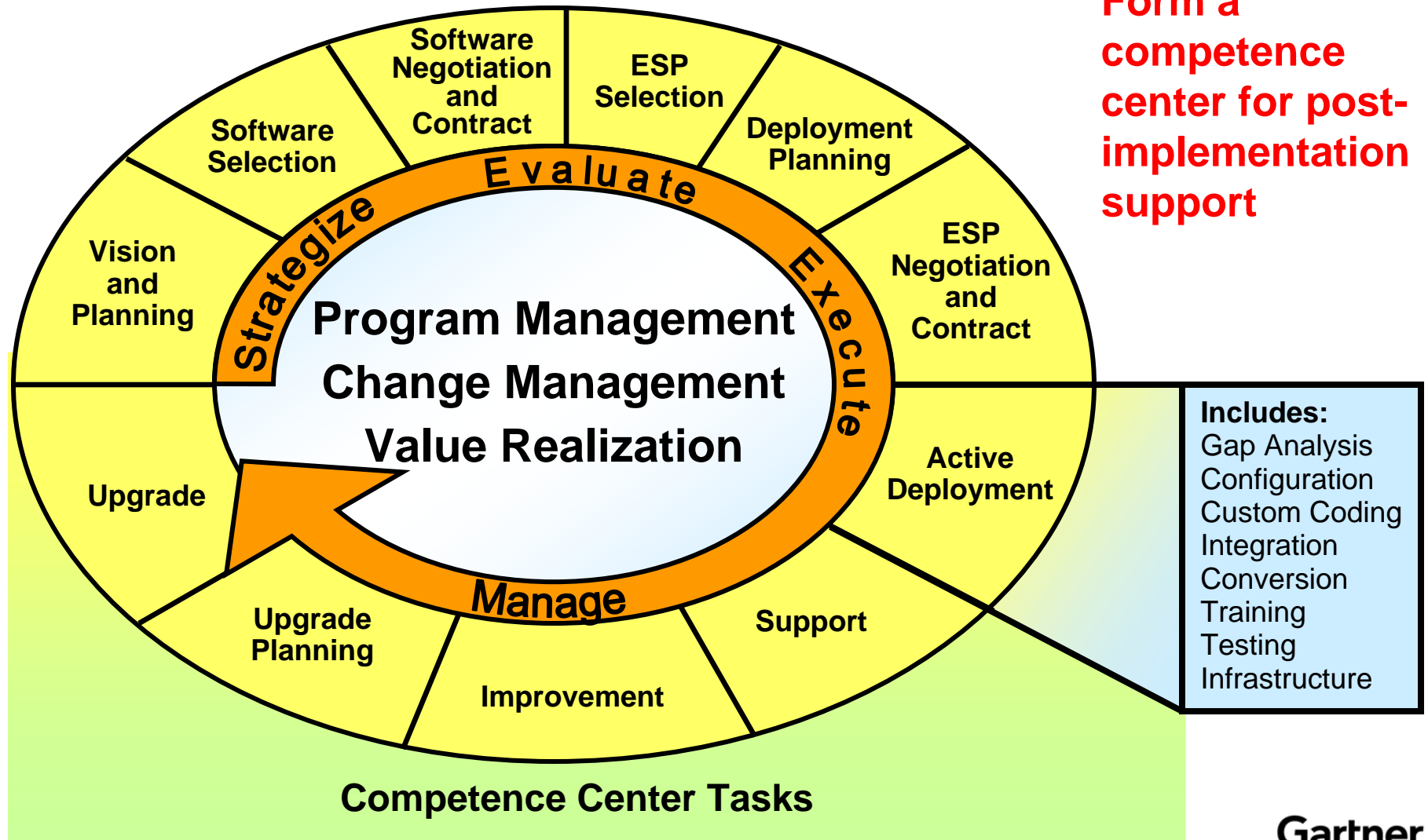
Who owns the information after the project is over?



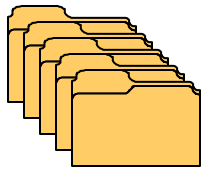
ERP Lessons Learned

- **Senior leader buy-in & active support are imperative**
- **Governance – Decision hierarchy must support rapid response to avoid stalling implementation**
- **Unique configuration needs minimize ability to gain efficiency**
- **Address both operational and management processes**
- **It's not over until the interfaces are done**
- **Cutting testing costs more in the long run**
- **Structured organizational change efforts reduce resistance and improve willingness to work through start-up issues**

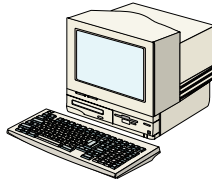
The Business Applications Life Cycle – Centralized System Administration



The Competence Center Model



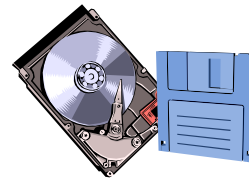
Business Process Support



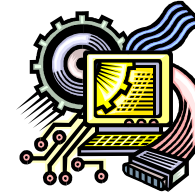
User Interface Support



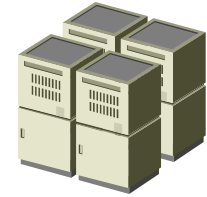
Business Process Enablement



Applications Development and Integration



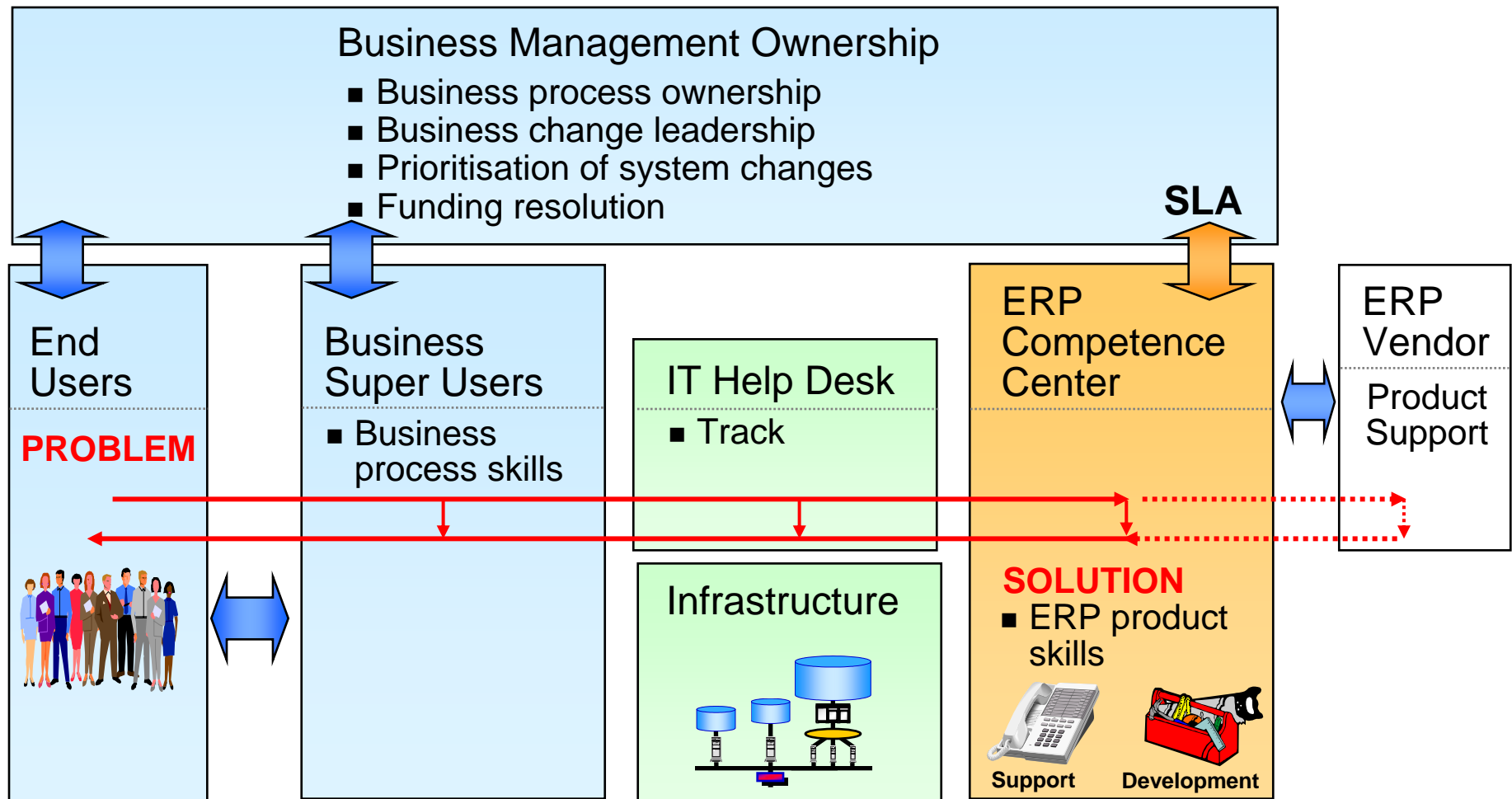
Application Operations



Infrastructure Support

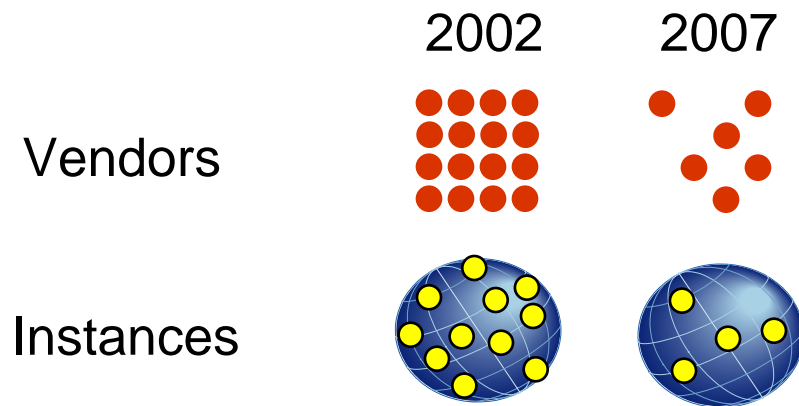
<ul style="list-style-type: none"> ■ Super-User-Based ■ Level One ■ Triage ■ Training 	<ul style="list-style-type: none"> ■ PC ■ Network 	<ul style="list-style-type: none"> ■ All Business Applications ■ End-to-End Process Support ■ Application Config. ■ Knowledge Management ■ Meta and Master Data ■ App. Vendor Comms. ■ Link to Business 	<ul style="list-style-type: none"> ■ Application Development ■ Application Integration and Middleware ■ BI and DW Development and Integration ■ Business Partner Integration ■ Any-Shore Resource Management 	<ul style="list-style-type: none"> ■ Architecture ■ Database Admin. ■ Back-up and Recovery ■ Security ■ Environments ■ Software Change Mgmt. ■ Patches ■ Archiving ■ Tuning ■ SLA 	<ul style="list-style-type: none"> ■ Hardware ■ Storage ■ Disaster Recovery
Business Unit	IS	Competence Center			IS

Post-Go-Live ERP Support Model: The Complete Picture

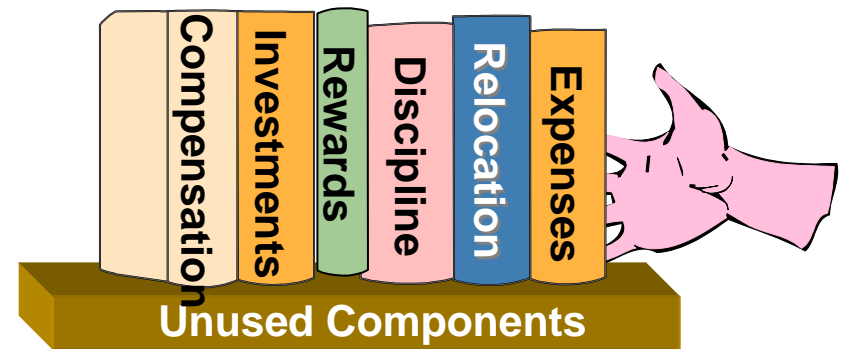


Post-Implementation Strategies

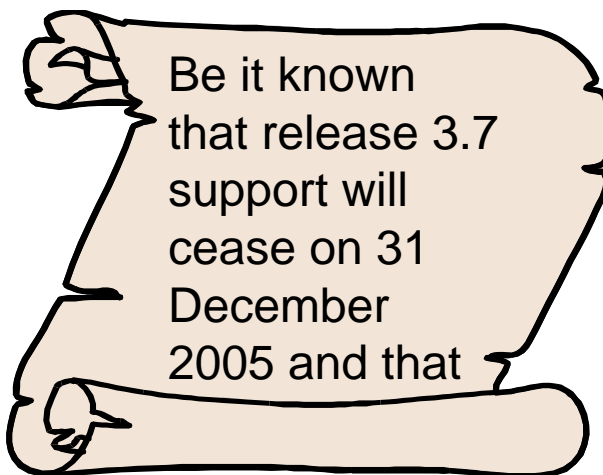
Application Rationalization



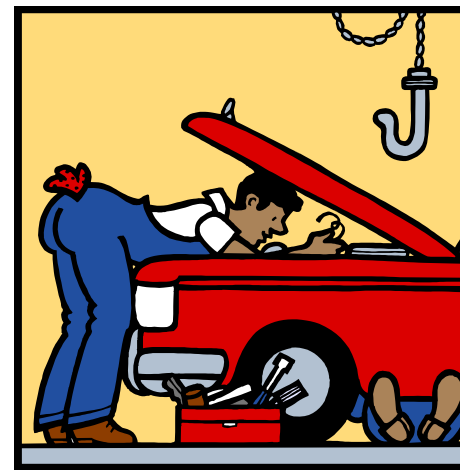
“Shelfware” Utilization



Upgrades



Optimization/Improvement



ERP: Lessons Learned



Pat Phelan

These materials can be reproduced only with Gartner's official approval.
Such approvals may be requested via e-mail — quote.requests@gartner.com.

Gartner[®]

Lessons Learned

- **It's not over until the interfaces are done**
- **Data ownership / stewardship / quality assurance is a complicated issue**
- **Cutting testing effort due to timing / budget constraints costs more in the long run**
- **Structured organizational change efforts reduce resistance, minimize FUD, and improve willingness to work through start-up issues**

Organizational Change: People Issues are Often Minimized

Won't Change



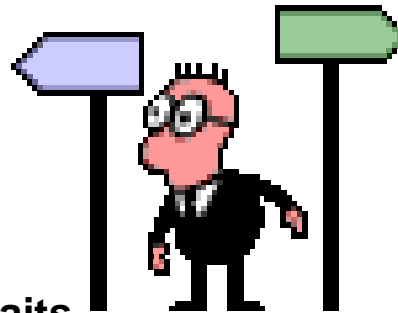
Traits

- Not bought in
- Threatened
- Pride in Ownership
- Experienced Previous Failures

Strategies

- Communication
- Active Engagement
- Responsible for Change
- Incentive
- Decisive Leadership
- Biggest Critic to Biggest Advocate

Can't Change



Traits

- Lacking Skills
- Lacking Understanding
- Would Rather Quit

Strategies

- Communication
- Engagement
- Training
- Career Counseling

What Change?



Traits

- Ambivalent
- Follower

Strategies

- Communication
- Engagement
- Exposure
- Training/Education
- Support

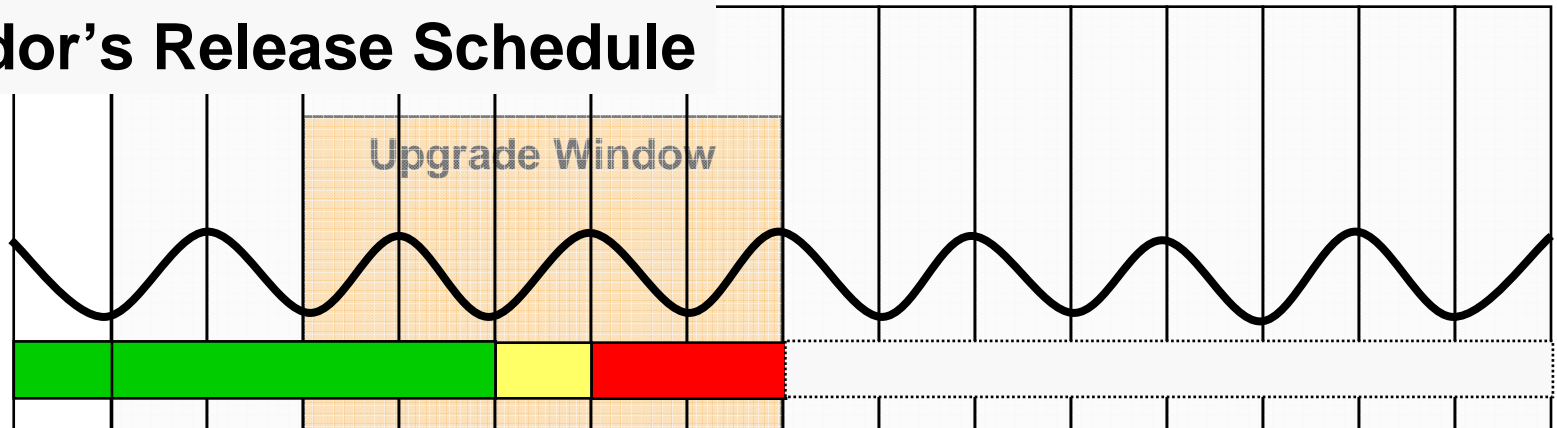
Competence Center Challenges

- It is about behavioral change
- Organization structure must change as well
- It is not just the IS group that has to change
- It does change power bases
- Some people will choose to leave
- You have to invest to save
- You must protect against service levels dropping during transition
- Transition will take two to three years

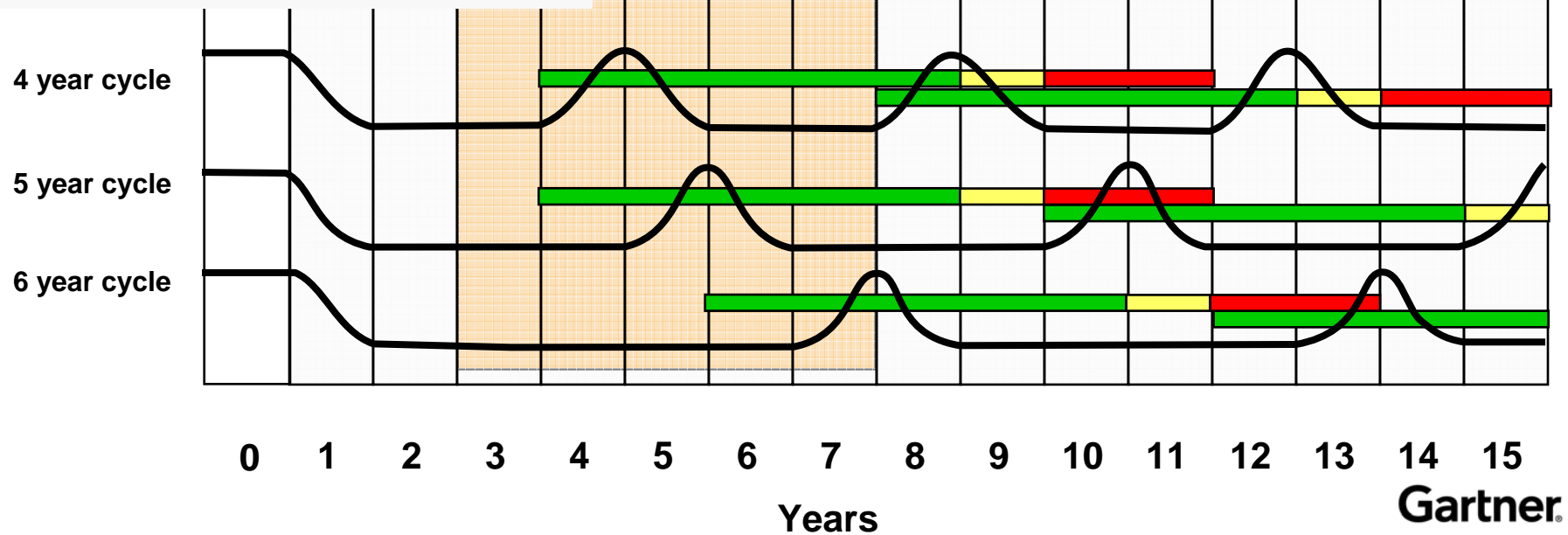


Establish An Upgrade Management Plan

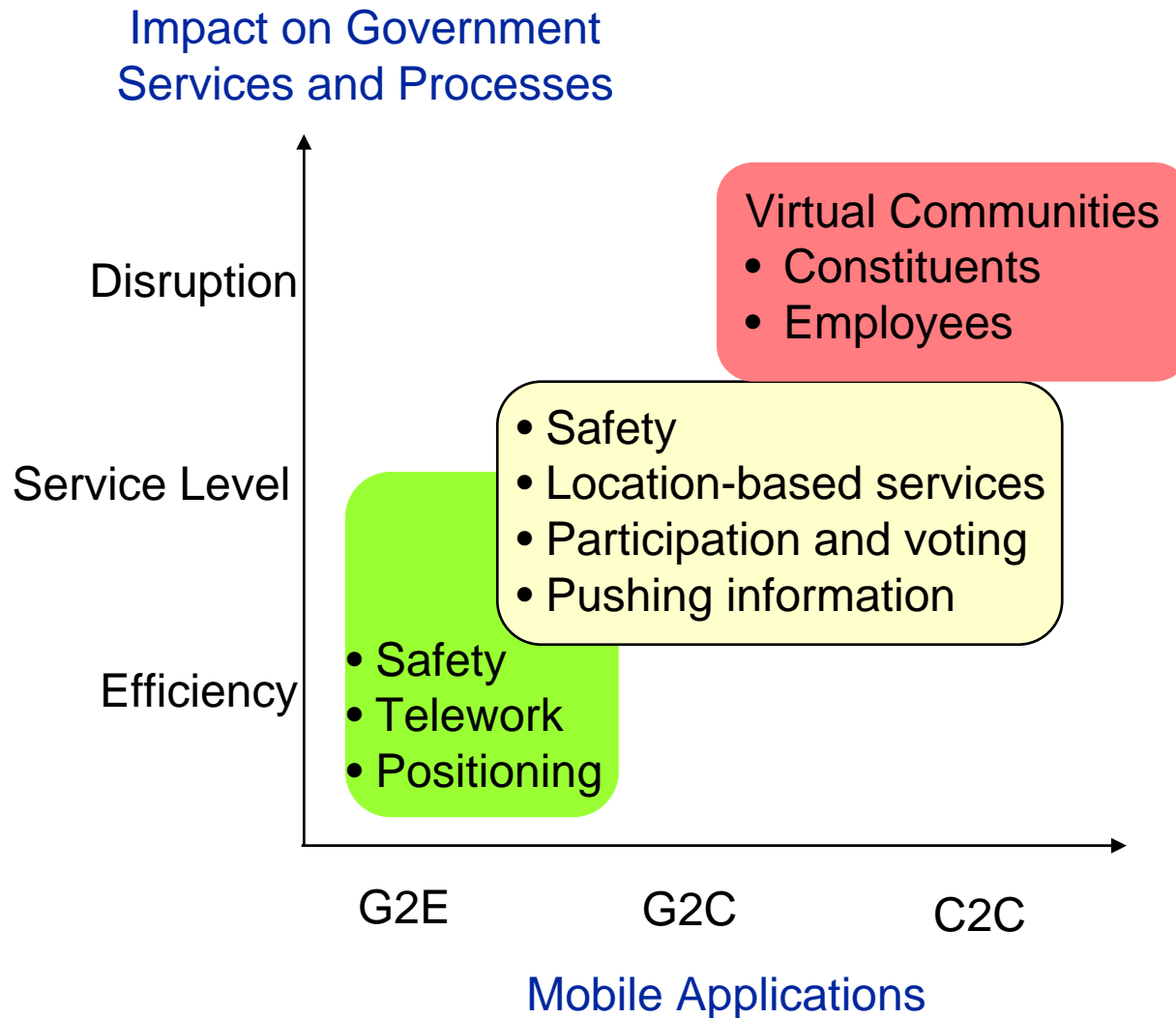
The Vendor's Release Schedule



Your Release Schedule



Government on the Move – Mobility Initiatives



So Many Issues

- Cross-jurisdiction issues
- Privacy vs. access
- New crimes
- Mobile taxation
- Financial control
- Direct democracy
- Temporary parties
- Laws on working time